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RECEIVED  
UTAH DIVISION OF PUBLIC UTILITIES

March 7, 2013

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Chris Parker  
Utah Division of Public Utilities  
Heber M. Wells Building, 4th Floor  
P. O. Box 146751  
Salt Lake City, UT 84114-6751

Docket No. 12-999-02

Re: Infrastructure Replacement Quarterly Report

Dear Chris:

Questar Gas Company (Questar Gas or the Company) respectfully submits this report and its accompanying exhibit to the Utah Division of Public Utilities (Division) in accordance with the Report and Order approving the Settlement Stipulation issued June 3, 2010 in Docket No. 09-057-16. Paragraph 15 of the settlement stipulation states that, "The Company will file quarterly reports describing the progress of infrastructure replacement with the Division."

On November 12, 2011, Questar Gas submitted the 2012 feeder line replacement plan and budget to the Commission. The attached Exhibit I is a summary of the actual 2012 activity. Column A of Exhibit I shows the budget by project. Column B shows the costs incurred in 2012. Column C shows the variance in actual expenditures relative to the budget for each of these projects. Column D shows the anticipated completion date or actual completion date if the project is already in service.

Several factors have contributed to the variance between the budget and the actual costs on each project. These factors are detailed below.

Feeder Line 14 – Alternating current mitigation costs and work were greater than anticipated. Due to extreme fire hazard during the 2012 construction season, water trucks were assigned to every welding crew. Rocky conditions in some areas required significantly more effort for trenching and precluded the use of spoils as back-fill, which increased costs of haul-off and haul-in of an alternative back-fill material. Finally, difficulties in permitting with Kennecott Copper delayed work. Despite these challenges, the company is pleased to have completed the project near original budgeted projections.

Feeder Line 23 – Two bores had been planned but proved unnecessary, and a negotiated compromise in paving requirements reduced resurfacing requirements. These items helped this project come in \$1 million under budget.

Feeder Line 25 – Initial plans called for a span of the American Fork River. However, American Fork City required the pipe be bored underneath the river, a substantially more difficult design and execution. There were a significant number of move-arounds caused by the UDOT Core project. Unfortunately many of the streets were poorly constructed, resulting in a large amount of maintenance and restoration costs. Much of the work limited traffic flow to single lanes, causing much greater complexity of work space use and traffic control. Unlike other projects, there were few convenient sites to dump haul-off, increasing the

number of trucks required and fuel costs. These additional costs caused this project to be about \$2 million over budget.

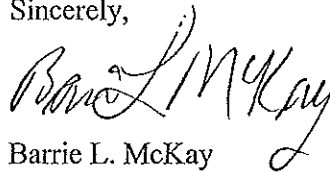
Feeder Line 35 – The completion of this project presented several challenging circumstances. Work began later than anticipated to accommodate UDOT, Riverton City and Herriman City road projects. A direction drill at Bangerter Highway failed, necessitating cleanup and completion of an auger bore in its place. Heavy traffic volume slowed production. Complications with directional drill at Redwood Road caused several weeks delay to recover the stranded end of the pipe. Poor soil conditions on western end of project necessitated rock trenching for extended lengths in the area. Despite the challenges, the 45,000 ft. portion intended for this year was completed under budgeted projections. An additional 30,000 ft. portion is planned to be completed in a future year.

Feeder Line 50 – Of the 28,000 ft. scope of this project, a 6,700 ft. portion was completed this year. The remaining portions of the line are to be completed in a later year. The scope was decreased and costs were increased because the work was slowed due to an unsuccessful direction drill under the Weber River, environmental and landowner issues which resulted in a six-week delay, redirection of crew to other projects, and the pipe in several sections being too shallow to provide adequate support for heavy equipment which resulted in increased verification of pipe depth and subsequent accommodations.

Other Feeder Line Projects – Of the \$5.2 million spent on other feeder line projects, \$3.9 million, or 76%, was spent on two projects for feeder lines 8 and 41. These are both substantial projects that are scheduled to be completed in future years. Investment in these projects contributed to the higher than previously anticipated 2012 investment totals.

In summary, the total on line 59 of exhibit 1 shows that feeder line replacement spending for 2012 was \$58,773,693, within 3% of the budgeted amount of \$57,000,000. Questar Gas will continue to provide quarterly feeder line progress updates on an ongoing basis. If you or your staff has additional questions concerning these reports, please call me.

Sincerely,



Barrie L. McKay  
Vice President  
Regulatory Affairs

cc: Public Service Commission ✓  
Office of Consumer Services

QGC Feeder Line Replacement Project Summary  
As of 12/31/2012

		A	B	C	D
		Costs YTD		(A - B)	
Project		2012 Budget	2012	Variance	Completion Date
<b>FL14</b>					
1	01010104 - FL14		16,956,084		
2	01040190 - FL14		30,269		
3	FL14 Total	1/ 16,500,000	16,986,352	(486,352)	Remainder in 2013
<b>FL23</b>					
4	01009120 - FL23		518		
5	01010132 - FL23		1,557,840		
6	FL23 Total	2,500,000	1,558,358	941,642	June 2012
<b>FL25</b>					
7	01009666 - FL25		6,605,402		
8	FL25 Total	1/ 4,500,000	6,605,402	(2,105,402)	June 2012
<b>FL35</b>					
9	01040277 - FL35		25,751,239		
10	FL35 Total	1/ 27,000,000	25,751,239	1,248,761	October 2012
<b>FL50</b>					
11	01010105 - FL50		2,710,991		
12	FL50 Total	4,500,000	2,710,991	1,789,009	2013
<b>Other</b>					
13	01006824 - FL11		(5,125)		2010
14	01007067 - FL19		13,510		2010
15	01008213 - FL12		(21,228)		2011
16	01009182 - FL6		278		2011
17	01009221 - FL36		154,287		2014
18	01009253 - FL34		(2,280)		2012
19	01009341 - FL12		(200,529)		2011
20	01009359 - FL17		(28,650)		2011
21	01009372 - FL16		(6,236)		2013
22	01009410 - FL44		8,546		2011
23	01009441 - FL13		213		2011
24	01009497 - FL18		(21,570)		2011
25	01009612 - FL10		(31)		2011
26	01009662 - FL21		2,334		2013
27	01009663 - FL21		49,340		2013
28	01009725 - FL46		256		2011
29	01009896 - FL68		262		2011
30	01010051 - FL8		(137)		2012
31	01010098 - FL6		(4)		2012

1/ In the 3rd quarter of 2012 the budgeted amounts for FL14, FL25, and FL35 were adjusted to \$9.5, \$5.5, and \$33 mm respectively. In the 4th quarter it was apparent that FL35 would be completed under the original budget of \$27 mm and additional resources would be available for FL14 work. The budgets were subsequently revised to the original 2012 plan amounts submitted in November 2011.

QGC Feeder Line Replacement Project Summary  
As of 12/31/2012

	A	B	C	D
		Costs YTD	(A - B)	
Project	2012 Budget	2012	Variance	Completion Date
32 01040078 - FL26		(3,333)		2011
33 01040064 - FL24		591,424		2011
34 01040158 - FL41		2,611,741		2013
35 01040177 - FL24		101,459		2011
36 01040196 - FL71		33,515		2011
37 01040330 - FL71		82,124		2012
38 01040465 - FL26		29,568		2013
39 01040493 - FL110		96,741		2012
40 01040857 - FL41		1,083		2013
41 01040858 - FL41		409		2013
42 01041006 - FL42		(11,310)		2011
43 01041173 - FL21		6,860		2013
44 01041175 - FL8		1,325,256		2013
45 01041176 - FL20		73,248		2013
46 01041177 - FL22		3,591		2013
47 01041178 - FL36		139,168		2013
48 01041281 - FL38		5,841		2014
49 01041528 - FL42		(85)		2014
50 01040864 - FL64		52,902		2015
51 01040404 - FL42		2,794		2014
52 01040209 - FL38		32,340		2014
53 01040189 - FL11		(322,882)		2015
54 01041753 - FL18		270,780		2013
55 01041294 - FL36		51,995		2013
56 01041507 - FL13		42,380		2013
57 01041295 - FL41		504		2013
58 Other Total	2,000,000	5,161,351	(3,161,351)	
59 Grand Total	57,000,000	58,773,693	(1,773,693)	